

APPENDIX: ESTIMATED BUDGET EFFECTS OF ITEMS IN HOUSE AND SENATE
REVENUE RECONCILIATION PROVISIONS, Fiscal Years 1988-90

(Millions of Dollars)

Item	House			Senate		
	1988	1989	1990	1988	1989	1990
PART 1.--IDENTICAL ITEMS						
I. Individual						
Child and Dependent Care Credit: Deny credit for overnight camp expenses.....	11	106	112	229	11	106
					112	229
II. Corporate						
Denial of Graduated Sales for Personal Service Corporations.....	75	125	140	340	75	125
					140	340
III. Excise Taxes						
Telephone Tax: 3-Year Extension.....	1,324	2,266	2,472	6,062	1,324	2,266
					2,472	6,062
IV. FICA Taxes						
A. Expand Employer Share of FICA Tax to Include All Cash Tips....	184	281	302	767	184	281
B. Expand FICA Tax to Inactive Duty Reservists, Certain Agricultural Employees, Family Members, and Group-Term Life Insurance Includible in Wages.....	187	255	275	717	187	255
					275	717
V. User Fees						
A. Internal Revenue Service.....	46	60	60	166	46	60
B. Extensions and Increases in Certain Alcohol, Tobacco, and Firearms Occupational Taxes.....	167	106	106	379	167	106
					106	379
Subtotals, PART 1 (Not including User Fees):	1,781	3,033	3,301	8,115	1,781	3,033
					3,301	8,115
PART 2.--REVENUE-INCREASING PROVISIONS						
I. Individual Tax Provisions						
A. Income Tax Provisions						
1. Limit interest deduction: Home equity debt in excess of acquisition debt capped at \$100,000; total for qualified residence debt capped at \$1 million.....	8	32	55	95	-----	No Provision
B. Employee Benefit Provisions						
1. Cap cash option under a cafeteria plan at \$500 per year....	638	1,100	1,501	3,239	-----	No Provision
2. Modify definition of active participant for IRA rules.....	(1)	(1)	(1)	2	-----	No Provision
C. Limit deferral for like-kind exchange for real estate gain to \$100,000 per year.....	176	401	415	992	-----	No Provision

Item

	House				Senate			
	1988	1989	1990	1988-90	1988	1989	1990	1988-90
II. Business Tax Provisions								
A. Accounting Provisions								
1. Repeal vacation pay reserve.....	614	1,499	1,834	3,947	396	1,983	2,038	4,417
2. Repeal completed contract method.....	835	1,546	1,950	4,331	---	No Provision	---	---
3. Require capitalization of pension past service liability.....	---	No Provision	---	---	70	110	120	300
4. Apply Section 265 to holders of installment sale obligations of State and local governments.....	54	67	74	195	---	No Provision	---	---
5. Installment sale rules.....	---	No Provision	---	---	2,043	2,964	2,143	7,150
6. Below-market loans to certain continuing-care facilities.....	2	5	8	15	---	No Provision	---	---
7. Require current accrual of market discount on bonds.....	46	155	246	447	---	No Provision	---	---
8. Repeal cash method of accounting for farms with receipts over \$25 million.....	30	40	40	110	24	36	38	98
9. Amortization of customer base intangibles.....	60	110	180	350	---	No Provision	---	---
B. Partnership Provisions								
1. Portfolio income.....	77	127	170	374	77	127	170	374
2. Other publicly-traded partnership provisions and collection provision.....	23	48	73	144	---	No Provision	---	---
3. Treatment of tax-exempt partners.....	46	161	185	392	---	No Provision	---	---
4. Study of publicly-traded partnerships.....	---	---	---	---	---	No Provision	---	---
C. Corporate Provisions								
1. Modify computation of earnings and profits for inter-corporate dividends and basis adjustments (overrule Woods Investment Company case).....	244	418	450	1,112	94	328	450	872
2. Limit consolidated return pass-through.....	164	259	238	661	---	No Provision	---	---
3. Dividends received deduction:								
a. Tax benefitted transfers through intercorporate dividends received deduction (including preferred stock loss transfers).....	77	162	218	457	---	No Provision	---	---
b. Dividend received deduction to 75%.....	118	199	211	528	---	No Provision	---	---
4. Debt financing and corporate acquisitions.....	330	544	617	1,491	---	No Provision	---	---
5. Reduction of tax avoidance in certain corporate dispositions.....	289	448	572	1,309	---	No Provision	---	---
6. Greenmail and hostile corporate takeovers.....	13	21	24	58	---	No Provision	---	---
7. Limitations on net operating loss carryforwards of corporations following worthless securities deduction by shareholders.....	5	8	9	22	---	No Provision	---	---
8. Tax loss mergers and benefit acquisitions.....	38	65	72	175	---	No Provision	---	---
9. LIFO recapture on conversion from C corporation to S corporation.....	210	221	256	687	---	No Provision	---	---
D. Minimum Tax Provisions: Increase book and adjusted current earnings preference to 100%.....								
E. Pensions: Modify funding rules (2).....								
	2,808	4,971	2,754	10,533	---	No Provision	---	---
	654	1,643	1,253	3,550	679	1,502	992	3,173

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	House			Senate		
	1988	1989	1990	1988	1989	1990
f. Foreign Tax Provisions						
1. Treatment of South African income.....		20	23	14	57	
2. Income from runaway plants.....		130	236	238	604	
G. Insurance Provisions						
1. Interest rate used in computing reserves for life insurance and annuity contracts.....		43	154	208	405	
2. Treatment of investment income of foreign insurance companies.....		11	27	39	77	
3. Minimum tax treatment of mutual life insurance companies.....		50	114	136	300	
4. Treatment of certain insurance syndicates.....		(1)	(1)	(1)	(1)	
H. Unrelated Business Income Tax (UBIT) on Net Investment Income of Trade Associations						
	15	20	23		58	
	1,940	419	271		2,630	
III. Estimated Taxes						
	1,580	779	271		2,630	
IV. Estate and Gift Taxes						
1. Freeze estate and gift rates at 55%.....	21	176	232		429	
2. Modify rates and unified credit.....	7	69	76		152	
3. Change State death tax credit to deduction.....	41	428	460		929	
4. Valuation of property (estate tax freezes and minority discount).....	56	564	588		1,208	
5. ESOP estate tax deduction.....	1,226	1,553	1,862		4,641	
V. Excise Taxes						
1. Repeal of excise tax exemptions for buses.....	26	38	38		102	
2. Collect diesel fuel and special motor fuels taxes on sales to retailer.....						
3. Extension of termination date for coal excise tax rate.....	208	230	200		638	
	---	No Provision	---		---	
VI. Employment Taxes						
1. Railroad retirement taxes.....	144	182	183		509	
2. FUTA tax: 3-year extension.....	715	1,009	1,033		2,757	
3. Expand FICA tax to corporate directors.....	11	6	3		20	
VII. Other Revenue-Increase Provisions						
A. Targeted Jobs Tax Credit.....	4	2	2		7	
B. Illegal Federal Irrigation Subsidies as Gross Income.....	(1)	(1)	(1)		1	
C. Compliance Provisions						
1. Escheat of refunds.....	10	10	10		30	
2. IRS funding.....	---	---	---		---	
D. Tax-Exempt Bond Provisions						
1. Limitation on issuance of tax-exempt bonds to acquire existing output facilities.....	10	77	179		266	

Item

	House			Senate		
	1988	1989	1990	1988	1989	1990
2. Limitation on issuance of tax-exempt bonds by Indian tribes.....	8	21	33	62	No Provision	
Subtotals, PART 2:	12,255	19,608	19,233	51,098	7,277	10,979
					9,665	27,921

GRAND TOTALS (Not including User Fees): 14,036 22,641 22,534 59,213 9,058 14,012 12,966 36,036

ADDENDUM--ADDITIONAL REVENUE-RELATED ITEMS

A. Debt Collection: 3-Year Extension.....	67	89	-5	151	300	425	425	1,150
B. Vaccine Compensation Trust Fund (3).....	253	326	775	1,354	122	No Provision	591	865
C. Customs Service.....								
D. Pension Funding:								
1. Full-funding limitation.....	679	1,687	1,301	3,667	679	1,687	1,301	3,667
2. Underfunding.....	-25	-44	-48	-117	--	-185	-309	-494

(1) Gain of less than \$500,000.

(2) Estimates represent the net effects of full-funding rules and underfunding rules adopted by the House Ways and Means Committee and the Senate Finance Committee. For detail, see Addendum Part D.

(3) Estimate net of outlay amounts.

